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April 9, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

REPORT ON ACTIONS TAKEN IN RESPONSE TO COMPLAINTS REGARDING MATERNITY HOTELS (ITEM NO. 4, AGENDA OF FEBRUARY 5, 2013)

On February 5, 2013, the Board recommended the following actions regarding Maternity Hotels:

1. Approve the recommendations provided by the Director of Planning dated January 14, 2013, for the continued investigation of public complaints regarding Postpartum Recovery Homes known as "Maternity Hotels";
2. Direct the Chief Executive Officer to take the lead in facilitating the multi-agency inspections with the Departments of Regional Planning, Public Works, Public Health, Children and Family Services, Public Social Services, Fire, Sheriff, Registrar-Recorder/County Clerk, District Attorney, Franchise Tax Board, Employment Development Department (EDD), and any other County Departments, as necessary;
3. Direct County Counsel, in consultation with the Director of Planning, and appropriate community stakeholders to define the use and draft a proposed ordinance for consideration by the Board and provide a recommendation by the Regional Planning Commission to appropriately regulate the use of Maternity Hotels through zoning regulations to ensure the public's health, safety, and welfare;

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4. Direct the Chief Executive Officer to identify additional funding to assist the multi-agency inspectors with additional staff and Mandarin/Cantonese translators to communicate with occupants at these Maternity Hotels; and
5. Direct the Chief Executive Officer to provide a report to the Board in 60 days and quarterly thereafter, on the progress of the cases.

Multi-Agency Inspections

Prior to the coordinated County multi-agency team effort, the Department of Regional Planning (DRP) began conducting inspections in January 2013 of alleged Maternity Hotels in response to complaints from the public. Pursuant to the February 5, 2013 Board motion, the Chief Executive Office (CEO) facilitated multi-agency inspections involving DRP, Public Works (DPW), Public Health (DPH), Fire, the District Attorney (DA), and Treasurer and Tax Collector (TTC). As the lead department for coordinating site visits, DRP has maintained a centralized log for each complaint that includes each department's inspection status and updates.

DRP has received complaints for 74 alleged Maternity Hotel operations as of March 29, 2013. DRP attempted 66 inspections, and was able to obtain consent and gain access to complete 42 inspections. Of the 42 locations inspected, 16, or 38 percent, were cited for operating a boarding house in violation of Title 22 of the Los Angeles County Code (Planning and Zoning Code). DRP also intends to inspect the remaining eight locations, at which no inspection has yet been attempted by May 30, 2013.

Attachment I includes the status charts of inspections for DRP, DPW, DPH, Fire, and TTC. Attachment II provides County departmental, State Franchise Tax Board, State Employment Development Department, and Federal Internal Revenue Service reports related to the Board motion.

Proposed Draft Ordinance

In response to the Board's February 5, 2013 motion, DRP, with the advice and analysis from County Counsel, has been conducting background research regarding the appropriate types of regulations or other amendments to the Planning and Zoning Code that could be used to regulate the use of Maternity Hotels. In addition, DRP is currently in the process of evaluating the information from the outcomes of its inspections of alleged Maternity Hotel operations, which will assist DRP with drafting an appropriate ordinance.

The information being considered includes, but is not limited to: 1) what zones the uses are being conducted in; 2) what types of structures are most likely to contain the uses (e.g., single-family residences, apartment buildings, hotels, etc.); 3) what is the approximate number of occupants; 4) whether or not infants and young children are present at the locations; 5) what kinds of services, including medical services, are being provided to occupants; and 6) what is the impact of the use on infrastructure such as sewer, water, and local streets. Since the majority of the locations are within single-family residential neighborhoods, the ordinance preparation will focus on addressing impacts to such neighborhoods.

DRP anticipates that their inspections will be completed by May 30, 2013, and the Department will have an update on the preparation of an ordinance by the July 2013 quarterly report.

Translators for Multi-Agency Inspections

The Board expressed a concern that a language barrier was inhibiting inspections of alleged Maternity Hotels. The DA has since dedicated a Mandarin-speaking investigator, and an additional investigator, to accompany the multi-agency team on all inspections. The participation of bilingual staff has been an invaluable tool and has greatly improved communication with tenants, assisted in gaining consent to inspect residences and obtaining the necessary information needed to investigate building and safety hazards, and allowed investigators to check on the welfare of the occupants of suspected locations.

The multi-agency team members report, however, that occupants of alleged Maternity Hotels are becoming well versed on how to interact with local code enforcement inspectors, which includes denying access for inspection. Many occupants provide answers to questions that will not single out expectant mothers suspected of being tenants, and instead report they are family members to circumvent the boarding house regulations.

The services provided by a dedicated multi-lingual DA Investigator has enhanced communication between tenants and the multi-agency team, therefore, the CEO does not recommend additional funding for translation services at this time.

Conclusion

As requested in the Board motion, the CEO will provide a quarterly report on the progress of the cases, an update on the proposed draft ordinance, and any other pertinent information related to this issue. The multi-agency team is committed to

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investigate all complaint locations reported as Maternity Hotels. The intent of the multi-agency team is to gain access to all reported Maternity Hotels for a comprehensive inspection. Cases will only be closed upon the determination by participants of the multi-agency team that there is adherence to all County Codes. The next Maternity Hotel quarterly report will be submitted to the Board on July 5, 2013.

If you have any questions, please contact Rita Robinson at (213) 893-2477, or via email at rrobinson@ceo.lacounty.gov.

WTF:RLR:DSP
TH:acn

Attachments

- c: Executive Office, Board of Supervisors
 - County Counsel
 - Children and Family Services
 - District Attorney
 - Fire
 - Public Health
 - Public Social Services
 - Public Works
 - Regional Planning
 - Registrar-Recorder/County Clerk
 - Sheriff
 - Federal Franchise Tax Board, Criminal Investigation Bureau
 - State Employment Development Department, Tax Branch Field Audit and Compliance Division
 - State Internal Revenue Service, Identity Theft and Economic Crime Task Force Branch

**Status of Inspections as of March 29, 2013
Regional Planning**

| Location | Complaints | Attempted Inspections | Actual Inspections | No Access onto Property | Pending Inspections | Maternity Hotel Operation Confirmed |
|------------------------------------|------------|-----------------------|--------------------|-------------------------|---------------------|-------------------------------------|
| Rowland Heights | 59 | 55 | 34 | 21 | 4 | 13 |
| Hacienda Heights | 11 | 9 | 8 | 1 | 2 | 3 |
| East Pasadena/ East San Gabriel | 1 | 0 | 0 | 0 | 1 | 0 |
| South San Jose Hills/Valinda | 3 | 2 | 0 | 2 | 1 | 0 |
| Total | 74 | 66 | 42 | 24 | 8 | 16 |

Department of Public Works-Building and Safety

| Location | Complaints | Attempted Inspections | Actual Inspections | No Access onto Property | Pending Inspections* | Notices of Violation Issued |
|-----------------------------------|------------|-----------------------|--------------------|-------------------------|----------------------|-----------------------------|
| Rowland Heights | 59 | 30 | 29 | 10 | 29* | 15 |
| Hacienda Heights | 11 | 5 | 4 | 1 | 6* | 4 |
| East Pasadena East San Gabriel | 1 | 0 | 0 | 0 | 1* | 0 |
| South San Jose Hills/Valinda | 3 | 0 | 0 | 0 | 3* | 0 |
| Total | 74 | 35 | 24 | 11 | 39* | 19 |

* DPW-Building and Safety began participating on the multi-agency team as of 1/24/2013. Inspections by Regional Planning were already underway prior to the multi-agency team formation.

Department of Public Health-Environmental Health

| Location | Complaints | Attempted Inspections | Actual Inspections | No Access onto Property | Pending Inspections | Notices of Violation Issued** |
|------------------------------------|------------|-----------------------|--------------------|-------------------------|---------------------|-------------------------------|
| Rowland Heights | 59* | 23 | 10 | 13 | 36 | 13 |
| Hacienda Heights | 11 | 0 | 0 | 0 | 11 | 0 |
| East Pasadena/ East San Gabriel | 1 | 0 | 0 | 0 | 1 | 0 |
| South San Jose Hills/Valinda | 3 | 0 | 0 | 0 | 3 | 0 |
| Total | 74* | 23 | 10 | 13 | 51 | 13 |

* Environmental Health began participating on the multi-agency team as of 2/26/13.

** Some properties received multiple Notices of Violation where the master lessee was identified along with the property owner. A single notice was also issued for a green pool at a property with no one at home.

Los Angeles County Fire Department

| Location | Complaints | Attempted Inspections | Actual Inspections | No Access onto Property | Pending Inspections | Notices of Violation Issued |
|------------------------------------|------------|-----------------------|--------------------|-------------------------|---------------------|-----------------------------|
| Rowland Heights | 59 | 34 | 10 | 24 | 25 | 10 |
| Hacienda Heights | 11 | 1 | 1 | 0 | 10 | 1 |
| East Pasadena/ East San Gabriel | 1 | 0 | 0 | 0 | 1 | 0 |
| South San Jose Hills/Valinda | 3 | 0 | 0 | 0 | 3 | 0 |
| Total | 74 | 35 | 11 | 24 | 39 | 11 |

Treasurer and Tax Collector

| Location | Complaints | Attempted Inspections | Actual Inspections | No Access onto Property | Pending Inspections | Notices of Violation Issued |
|------------------------------------|------------|-----------------------|--------------------|-------------------------|---------------------|-----------------------------|
| Rowland Heights | 59 | 37 | 21 | 16 | 22 | 9 |
| Hacienda Heights | 11 | 1 | 1 | 0 | 10 | 1 |
| East Pasadena/ East San Gabriel | 1 | 0 | 0 | 0 | 1 | 0 |
| South San Jose Hills/Valinda | 3 | 0 | 0 | 0 | 3 | 0 |
| Total | 74 | 38 | 22 | 16 | 36 | 10 |

The following definitions were used to describe each of the inspection categories:

- **Complaints:** Total number of complaints as reported by Regional Planning.
- **Attempted Inspections:** Number of locations visited by each department whether or not access was granted.
- **Actual Inspections:** Number of locations where each department gained access and inspections were conducted.
- **No Access onto Property:** Number of locations visited where access was denied or no one was at home.
- **Pending Inspections:** Number of locations departments have not visited.
- **Notices of Violation Issued:** Number of notices issued or mailed to a property owner and/or occupant.

DEPARTMENT REPORTS ON MATERNITY HOTELS

Specific findings reported by County departments and State and federal agencies are summarized as follows:

County Multi-Agency Code Enforcement Inspection Team

Department of Regional Planning (DRP)

DRP has attempted 66 inspections and completed 42 inspections in response to complaints related to 74 Maternity Hotel locations. The Department has issued 16 citations at locations where boarding home regulations were violated. As there is not a classification specific to Maternity Hotels, DRP classifies this use as a boarding home where a single-family residence includes five or more individuals renting rooms. The majority of the complaint locations where Maternity Hotels have been confirmed or suspected of operating are single-family residences within the R-1, R-A, RPD, or A-1 zones where operating a boarding house is prohibited.

DRP Zoning Enforcement Inspectors reported that access to a property was most successful when a translator and one inspector made the initial contact. Staff observed that having a translator present increased the ability to obtain information, and access increased when the multi-agency team included only one inspector per agency.

DRP staff noted that the exteriors of the confirmed Maternity Hotels are generally well kept. The majority of property owners have not been present during inspections. Typically, DRP Inspectors make contact with an individual who acts as a caretaker of the property and when tenants are asked for identification, they provide a passport from outside of the United States. When asked if they are renting, tenants state that they are only visiting for a few days. Staff is generally able to identify the workers as they typically provide State or federal issued identification, (e.g., California Driver's License), as opposed to a foreign passport. DRP Inspectors noted unpermitted alterations to these homes for services such as cooking, laundry, or a nursery, or as living quarters for workers and/or caretakers who assist in operating the Maternity Hotels.

Pheasant Ridge

Pheasant Ridge is a 600+ unit apartment complex located in Rowland Heights, which has been the subject of numerous complaints of alleged Maternity Hotel operations. This location has also been the focus of media attention.

Findings include the illegal operation of a laundry and food preparation facilities, which are both indicative of Maternity Hotel operations. Evidence of nursery type operations was also confirmed. Based on complaints, DRP has inspected 18 units located within this parcel. Upon re-inspection by DRP, all violations had been abated, but there are reports that Maternity Hotel operations move from location to location within the complex. DRP will continue to conduct inspections upon the receipt of complaints at this location.

Additionally, DRP cited nine locations for violations, such as garage conversions or unpermitted second units, at properties that were not categorized as Maternity Hotels.

Department of Public Works (DPW)

DPW-Building and Safety Division attempted joint inspections of 35 locations of alleged Maternity Hotels as part of the County multi-agency team. DPW was granted access to 24 properties, resulting in 19 notices of building code violations being issued. Twelve of these 19 notices were at addresses being further pursued as potential Maternity Hotels. Of the 12 locations where access was granted and a Maternity Hotel operation was confirmed, the following types of code violations were observed, and Notices of Violations (NOV) were issued accordingly:

- Garage conversion to living quarters without permits or any prior approval.
- Unpermitted alterations of interior space creating bedrooms without permits or any prior approval.
- Unpermitted additions made to the main dwelling.
- Detached structures, mostly unpermitted, being used as a second unit for habitable purposes.
- Missing required smoke detectors from bedrooms, hallways, and other required areas.
- Multiple kitchens within the dwelling without plumbing permits or approvals from DRP.
- Unpermitted exterior plumbing and electrical work for clothes washers/dryers located on the outside of the residence.

Whenever a code violation was detected, DPW issued a NOV to the occupants of the residence indicating the type of violation(s) and requested that violations be abated. Notices indicated that approvals may be required from other agencies, whenever applicable, prior to approving any future permits. When a DPW Inspector encountered

occupants who refused to accept violation notices, the notice was mailed to the property owner. As a result of issuing notices, eight property owners responded by visiting the La Puente Building and Safety Office to obtain more information regarding bringing the subject property into compliance. For cases where there has not been a response to the NOV by the property owner, a code enforcement case has been initiated. DPW inspections also revealed violations of County building codes at several sites that were not confirmed as operating a Maternity Hotel.

Department of Public Health (DPH)

DPH-Environmental Health (EH) Inspectors have attempted investigations of 23 locations with the multi-agency team in response to alleged Maternity Hotel complaints. During DPH's inspections, particular attention was paid to issues which may pose a threat to the public's health or safety such as: sanitation, sewage, refuse, illegal food service, and vermin. DPH was granted access to ten properties and based on these inspections; all ten were found operating as boarding homes.

DPH defines a boarding home as five or more unrelated occupants where sleeping or rooming accommodations are provided. No adverse public health conditions were present at these locations. Thirteen NOVs were issued, which include ten to the property owners to discontinue operations as a boarding home; and three NOVs were also issued to master lessees who were present within these same locations. Additionally, at one property that was not operating as a boarding home, DPH issued an NOV to the property owner to mitigate a hazardous green swimming pool. A referral was also issued to the local mosquito abatement agency indicating the potential for mosquito breeding.

Fire Department

The Fire Department has attempted inspections at 35 locations and gained access to 11 locations as a participant of the multi-agency team inspections. Fire Department Inspectors have issued 11 NOVs that require a corrective action of observed fire code violations. Violations that have been found to date include:

- Disabling or removing smoke alarms.
- Illegal use of extension cords where permanent wiring should be installed.
- Failure to provide combustible clearance from a fireplace chimney (for locations in the high fire hazard areas).
- Failure to provide a pool heater exhaust vent.

Also, some of the residences, where the Fire Department was granted permission to conduct inspections, appear to have created illegal additions to create bedrooms, such as the installation of unapproved partition walls. Of these bedrooms, many have been equipped with door hardware that has a keyed lock which could prevent immediate access and exit through the common area of the house in the event of an emergency.

Treasurer and Tax Collector (TTC)

The Business and Public Health License Section of TTC is responsible for the issuance of business licenses for businesses operating within the unincorporated areas of the County. As part of the multi-agency team, TTC attempted 38 inspections of alleged Maternity Hotels and gained access to 22 locations.

TTC confirmed that ten of the locations inspected were operating as boarding homes without a business license. Under Title 7, Section 7.50.010, of the Los Angeles County Code, a boarding home is defined as sleeping and living accommodations for five or more persons unrelated to the operator. The ten operators were issued NOVs and advised to cease operations until they met the required zoning requirements and obtained a Business License. As of March 28, 2013, five of the ten operators cited responded to the NOVs issued and were referred to DRP for zoning review. TTC will follow-up with the remaining five operators to ensure compliance with Business License requirements and continue to participate with the multi-agency team until all locations have been inspected.

District Attorney (DA)

The DA-Bureau of Investigations Division, has assigned two investigators to participate in the multi-agency team investigations. One of the investigators is bilingual and assists with communicating with occupants of alleged Maternity Hotels and will be available to the team throughout the duration of these investigations. The DA Investigators are dressed in plainclothes, which has proven successful in gaining the cooperation of the occupants of suspected locations. DA Investigators are capable of handling law enforcement related duties, which frees up local law enforcement resources (Sheriff's Department). There are no cases that warrant filing through the DA's Office at this time. The DA's Office will continue to dedicate two DA Investigators, one of which is fluent in Mandarin, to accompany the multi-agency team on all inspections.

Other County Department Inspections and Reports**Department of Children and Family Services (DCFS)**

DCFS assigned the Multi-Agency Response Team (MART) and the Asian Pacific Islander Unit (APIU) to collaborate as a task force when responding to referrals of suspected Maternity Hotels. The role of DCFS is to assess and determine if any children in the home are at risk of abuse or neglect. The APIU includes multi-lingual Children Social Workers who provide translation and accompany MART on all of the investigations regarding Maternity Hotel locations.

Unincorporated Areas

The DCFS task force responded to eight referrals of alleged Maternity Hotels that were received for five addresses located in the unincorporated areas of La Puente (South San Jose Hills/Valinda) and Rowland Heights. An assessment of each of the families was conducted and DCFS staff did not find any signs of abuse or neglect. The DCFS task force findings are as follows:

- South San Jose Hills/Valinda: DCFS conducted six investigations for three locations. A total of six infants were found residing between these locations. Duplicate referrals received for two of the three locations warranted a separate investigation and report.
- Rowland Heights: DCFS conducted two investigations after receiving two referrals for two locations. A total of two infants were found residing between these locations.

DCFS will investigate the 16 confirmed Maternity Hotels identified by the Multi-Agency Code Enforcement Inspection Team and any future confirmed locations identified by DRP. DCFS assessments will be included in the July 2013 quarterly report.

Cities

DCFS also received two referrals and completed two investigations for suspected Maternity Hotels operating in the Cities of Baldwin Park and San Gabriel where no abuse was found. There was one incident of child abandonment that was investigated by DCFS at Garfield Medical Center from a mother residing in a Maternity Hotel in the City of Monterey Park. The infant was diagnosed with Miller-Dieker syndrome (cleft palate and an under-developed brain). As a result, the Asian Pacific Islander unit placed this infant under protective custody.

Department of Public Social Services (DPSS)

DPSS researched the 16 addresses confirmed as operating Maternity Hotels to determine if any benefits issued by DPSS were obtained illegally. DPSS determined that there were Medi-Cal beneficiaries residing at four of the addresses. Based on eligibility criteria, which examines household composition, case comments, income limits, and residency, an assessment indicated that all aided individuals were found eligible to receive their assigned benefits and there was no clear evidence of fraud. DPSS will continue to research future addresses reported by DRP of confirmed Maternity Hotels to determine if eligibility requirements have been followed by the occupants.

Sheriff's Department

The Sheriff's Department participated in the initial inspection phase in response to Maternity Hotel complaints and did not observe any law enforcement related issues. While having uniform personnel at inspections brings an authoritative presence and may influence some residents to be more compliant with inspectors, it also alerts and/or frightens residents into becoming evasive with inspectors.

It has proven to be more effective to utilize non-uniformed DA Investigators as the law enforcement presence on multi-agency inspections. This allows for local Sheriff's Department resources to be utilized elsewhere, however, the Sheriff's Department will act as a support mechanism and respond when needed. Per DPR, the rate of access to inspect a property improved when the bilingual DA Investigator, along with one inspector, make the initial contact.

Registrar-Recorder/County Clerk (RR/CC)

RR/CC has reviewed the issues surrounding Maternity Hotels and determined that there is not a direct role with the on-site investigations at this time. RR/CC is available to research any companies operating within Los Angeles County to determine if a Fictitious Business Name application has been filed, however, the majority of these operations have been found to operate from outside of the country. In addition, there does not appear to be fraudulent activity surrounding the processing and application for birth certificates of newborns associated with the operation of Maternity Hotels.

Referrals to Other Agencies

DRP provided the following State and federal agencies with referrals in the form of a listing of all confirmed operations and relevant details of Maternity Hotels:

State Employment Development Department (EDD)

Locations of confirmed or suspected Maternity Hotels have been shared with the Employment Development Department's Tax Branch Field Audit and Compliance Division. The EDD investigates businesses that avoid paying payroll taxes, many of which are part of the underground economy. Due to the confidential nature of the EDD audits and investigations, they are unable to disclose the status of their tax enforcement cases.

State Franchise Tax Board (FTB)

Locations of confirmed or suspected Maternity Hotels have been shared with the Criminal Investigation Bureau of the FTB. A FTB staff member joined the multi-agency team on inspections of alleged Maternity Hotels at the Pheasant Ridge Apartment Complex in Rowland Heights. FTB investigates and prosecutes taxpayers who break State laws and enforce the criminal provisions of the State Revenue and Taxation Code. The focus of the Criminal Investigation Bureau is to identify individuals and/or corporations who fail to report income. Due to the confidential nature of the FTB investigations, they are unable to disclose the status of their investigations.

Federal Internal Revenue Service (IRS)

Locations of confirmed or suspected Maternity Hotels have been shared with the Identity Theft and Economic Crime Task Force Branch of the IRS. The focus of this Branch is to investigate criminal violations of the United States Tax Code and financial related crimes. A special agent from the Criminal Investigations Branch of the IRS met with the County's multi-agency team to discuss potential illegal activity and will evaluate the leads on these cases to determine if a civil and/or criminal investigation can be initiated. Due to the confidential nature of their findings, they are unable to disclose the status of their investigations until a case has been filed.